REPORT OF THE AUDIT OF THE CALDWELL COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2003



CRIT LUALLEN AUDITOR OF PUBLIC ACCOUNTS www.kyauditor.net

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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE CALDWELL COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2003

The Auditor of Public Accounts has completed the Caldwell County Fiscal Court audit for fiscal year ended June 30, 2003. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

Financial Condition:

Cash balances increased by \$369,303 from the beginning of the year, resulting in a cash surplus of \$1,408,831 as of June 30, 2003.

Debt Obligations:

Total bonded debt principal as of June 30, 2003, was \$2,830,000. Future collections of \$4,746,271 are needed to pay all bonded debt principal and interest.

Capital lease principal agreements totaled \$888,352 as of June 30, 2003. Future principal and interest payments of \$1,057,560 are needed to meet these obligations.

Deposits:

The fiscal court's deposits were insured and collateralized by bank securities or bonds.

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CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM



To the People of Kentucky
Honorable Ernie Fletcher, Governor
Robbie Rudolph, Secretary
Finance and Administration Cabinet
Honorable Van Knight, Caldwell County Judge/Executive
Members of the Caldwell County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and equity arising from cash transactions of Caldwell County, Kentucky, as of June 30, 2003, the statement of cash receipts, cash disbursements, and changes in cash balances-governmental fund types; the statement of cash receipts, cash disbursements, and changes in cash balances – proprietary fund type; and related statement of cash flows for the year then ended. These financial statements are the responsibility of the Caldwell County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, Caldwell County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and equity of Caldwell County, Kentucky as of June 30, 2003, and its receipts and disbursements and the cash flows of its enterprise fund for the year then ended, in conformity with the modified cash basis of accounting.

To the People of Kentucky
Honorable Ernie Fletcher, Governor
Robbie Rudolph, Secretary
Finance and Administration Cabinet
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Members of the Caldwell County Fiscal Court

In accordance with <u>Government Auditing Standards</u>, we have also issued our report dated January 6, 2004 on our consideration of Caldwell County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with <u>Government Auditing Standards</u> and should be read in conjunction with this report in considering the results of our audit.

The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Caldwell County, Kentucky. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Respectfully submitted,

Crit Luallen

Auditor of Public Accounts

Audit fieldwork completed - January 6, 2004

CALDWELL COUNTY OFFICIALS

For The Fiscal Year Ended June 30, 2003

Fiscal Court Members:

Van Knight County Judge/Executive

Elbert Bennett Magistrate
Shirley Gray Magistrate
Sandy Boaz Magistrate
George Kilgore Magistrate

Other Elected Officials:

James Miller County Attorney

Jim Blackburn Jailer

Toni Watson County Clerk

Jo Ann Newsom Circuit Court Clerk

Stan Hudson Sheriff

James Wallace Property Valuation Administrator

Eddie Pennington Coroner

Appointed Personnel:

Connie Cartwright County Treasurer

Joyce Gilkey Occupational Tax Administrator

Betty Holt Finance Officer



STATEMENT OF ASSETS, LIABILITIES, AND EQUITY ARISING FROM CASH TRANSACTIONS

CALDWELL COUNTY STATEMENT OF ASSETS, LIABILITIES, AND EQUITY ARISING FROM CASH TRANSACTIONS

June 30, 2003

	Governmental Enterprise			Totals			
	F	fund Type	Fu	Fund Type		(Memorandum Only)	
			Jail				
		General		Canteen			
Assets and Other Resources							
Assets							
Cash and Cash Equivalents	\$	1,393,358	\$	16,067	\$	1,409,425	
Total Assets	\$	1,393,358	\$	16,067	\$	1,409,425	
Other Resources							
Amounts to Be Provided in Future Years for:							
Capital Leases (Note 5)	\$	888,352	\$		\$	888,352	
Bond Payments (Note 4)		2,830,000				2,830,000	
Total Other Resources	\$	3,718,352	\$	0	\$	3,718,352	
Total Assets and Other Resources	\$	5,111,710	\$	16,067	\$	5,127,777	

CALDWELL COUNTY STATEMENT OF ASSETS, LIABILITIES, AND EQUITY ARISING FROM CASH TRANSACTIONS June 30, 2003 (Continued)

	Governmental		Enterprise		Totals	
	F	Fund Type	Fu	Fund Type		orandum Only)
		General	C	Jail anteen		
Liabilities and Equity						
<u>Liabilities</u>						
Capital Leases (Note 5) Bonds Series 1999 (Note 4) Payroll Liabilities	\$	888,352 2,830,000 594	\$		\$	888,352 2,830,000 594
Total Liabilities	\$	3,718,946	\$	0	\$	3,718,946
<u>Equity</u>						
Retained Earnings Fund Balances:	\$		\$	16,067	\$	16,067
Unreserved		1,392,764				1,392,764
Total Equity	\$	1,392,764	\$	16,067	\$	1,408,831
Total Liabilities and Equity	\$	5,111,710	\$	16,067	\$	5,127,777



STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES – GOVERNMENTAL FUND TYPES

CALDWELL COUNTY STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES – GOVERNMENTAL FUND TYPES

For The Fiscal Year Ended June 30, 2003

		G	enera	al Fund Typ	es	
Cash Receipts	Road and General Bridge Fund Fund		Jail Fund			
Schedule of Operating Revenue	\$	2,059,900	\$	836,496	\$	214,372
Other Financing Sources: Transfers In	Ψ	2,037,700	Ψ	830,470	Ψ	206,000
State Medicaid Program		41,552				,
Kentucky Advance Revenue Program		959,300				
Lease-Purchase Proceeds		79,500				
Total Cash Receipts	\$	3,140,252	\$	836,496	\$	420,372
Cash Disbursements						
Comparative Schedule of Final Budget and Budgeted Expenditures	\$	1,646,894	\$	456,181	\$	434,959
Other Financing Uses:						
Transfers Out		361,600				
Capital Leases: Principal Paid		101,052				
Bonds:		101,032				
Principal Paid		75,000				
State Medicaid Program		41,552				
Kentucky Advance Revenue Program						
Repaid		959,300				
Total Cash Disbursements	\$	3,185,398	\$	456,181	\$	434,959
Excess (Deficiency) of Cash Receipts						
Over (Under) Cash Disbursements	\$	(45,146)	\$	380,315	\$	(14,587)
Cash Balance - July 1, 2002		596,343		289,643		43,348
Cash Balance - June 30, 2003	\$	551,197	\$	669,958	\$	28,761

CALDWELL COUNTY STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES – GOVERNMENTAL FUND TYPES For The Fiscal Year Ended June 30, 2003 (Continued)

	General Fund Types				
	Local				
Go	vernment				
E	conomic				Totals
As	ssistance	A	mbulance	(M	emorandum
	Fund		Fund		Only)
\$	157,629	\$	91,409	\$	3,359,806
			155,600		361,600
					41,552
					959,300
					79,500
\$	157,629	\$	247,009	\$	4,801,758
\$	107,045	\$	248,522	\$	2,893,601
					361,600
					101,052
					75,000
					41,552
					959,300
\$	107,045	\$	248,522	\$	4,432,105
\$	50,584	\$	(1,513)	\$	369,653
	92,010		1,767		1,023,111
\$	142,594	\$	254	\$	1,392,764



STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES – PROPRIETARY FUND TYPE

CALDWELL COUNTY STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES – PROPRIETARY FUND TYPE

		nterprise Fund Type
Cash Receipts	C	Jail anteen Fund
Jail Canteen Receipts	\$	39,987
Total Cash Receipts	\$	39,987
Cash Disbursements		
Jail Canteen Expenditures	\$	40,337
Total Cash Disbursements	\$	40,337
(Deficiency) of Cash Receipts	Ф	(250)
(Under) Cash Disbursements Cash Balance - July 1, 2002	\$	(350) 16,417
Cash Balance - June 30, 2003	\$	16,067



STATEMENT OF CASH FLOWS – PROPRIETARY FUND TYPE

CALDWELL COUNTY STATEMENT OF CASH FLOWS – PROPRIETARY FUND TYPE

	En	iterprise
		Fund
		Type
		Jail
	C	anteen
		Fund
Cash Flows from Operating Activities:		
Operating Loss	\$	(350)
Net Cash Used by Operating Activities	\$	(350)
Net Decrease in Cash and Cash Equivalents	\$	(350)
Cash and Cash Equivalents - July 1, 2002	\$	16,417
Cash and Cash Equivalents - June 30, 2003	\$	16,067

CALDWELL COUNTY NOTES TO FINANCIAL STATEMENTS

June 30, 2003

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Caldwell County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the application of the criteria stated in GASB 14, there are no component units which merit consideration as part of the reporting entity.

Additional - Caldwell County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting Caldwell County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Caldwell County Fiscal Court's fund types, a definition of each, and county funds included within each fund type are listed below.

1) General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The Caldwell County General Fund Type includes the following county funds: General Fund, Road and Bridge Fund, Jail Fund, Local Government Economic Assistance Fund, and Ambulance Fund.

Note 1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

2) Enterprise Fund Type

The Enterprise Fund Type is used to report an activity for which a fee is charged to external users for goods or services. The Caldwell County Enterprise Fund Type includes the Jail Canteen Fund, which is maintained by the county jailer.

The canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Commissary. Technical Audit Bulletin 93-002 provides additional accounting and expenditure guidance for acceptable jail canteen operations. All profit expenditures were for the benefit and/or recreation of the inmates

C. Basis of Accounting

For all fund types, the county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received and expenditures when paid. Long-term receivables, long-term obligations and amounts to be provided in future years to retire debt are recorded in the financial statements. The amount to be provided in future years to retire debt is offset by any cash or cash equivalents held by the county in a bond or debt service fund.

The State Local Finance Officer does not require the county to maintain a general fixed assets group of accounts; therefore the value of the county's fixed assets is not included in the financial statements. These fixed assets include buildings, equipment and land that are owned by the county.

D. Legal Compliance - Budget

The Caldwell County budget is adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

Formal budgets are not adopted for the Jail Commissary Fund. The Department for Local Government does not require this fund to be budgeted.

Note 1. Summary of Significant Accounting Policies (Continued)

E. Cash and Investments

Cash includes amounts in bank accounts. For the purpose of the statement of cash flows, the county considers certificates of deposit with a maturity date of three months or less when purchased to be cash equivalents.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

F. Related Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the Pennyrile Emergency Assistance Center is considered a related organization of Caldwell County Fiscal Court.

G. Joint Ventures

A legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a joint venture. Based on these criteria, the Princeton-Caldwell County Industrial Development Authority is considered a joint venture between Caldwell County Fiscal Court and the City of Princeton.

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system, which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 6.34 percent. Hazardous covered employees are required to contribute 7 percent of their salary to the plan. The county's contribution rate for hazardous employees was 16.28 percent.

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 2003, the county's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bond which named the county as beneficiary/obligee on the bond.

Note 4. Long-Term Debt

General Obligation Refunding Bonds, Series 1999

The Caldwell County Fiscal Court has issued General Obligation Refunding Bonds, Series 1999 in the amount of \$3,175,000 for the purpose of refunding Series 1996 bonds. Interest on the bonds is payable each January and July 1, beginning January 1, 2000. The bonds were issued in principal amounts of \$5,000 and integral multiples thereof and mature at various dates beginning January 1, 2000 through January 1, 2024. The bonds are subject to redemption prior to maturity.

Note 4. Long-Term Debt (Continued)

General Obligation Refunding Bonds, Series 1999 (Continued)

Bonds and interest outstanding as of June 30, 2003 are as follows:

Fiscal Year Ended	Scheduled		Scheduled	
June 30	Interest		Principal	
2004	\$	147,390	\$	80,000
2005		143,830		80,000
2006		140,150		85,000
2007		136,240		90,000
2008		131,560		95,000
2009-2013		578,332		550,000
2014-2018		418,024		710,000
2019-2023		209,350		925,000
2024		11,395		215,000
Totals	\$	1,916,271	\$	2,830,000

Note 5. Lease Agreements

The county has entered into the following lease agreements:

A. Courthouse Annex

The Caldwell County Fiscal Court has entered into a capital lease with Kentucky Association of Counties Leasing Trust Program (KACoLT) for the construction of the courthouse annex for \$215,000. The terms of the lease agreement are 12 annual principal payments and monthly interest payments at an interest rate of 5.82%. The Caldwell County Fiscal Court was in compliance with the terms of the agreement as of June 30, 2003. The principal balance at June 30, 2003 was \$123,000. Future lease principal and interest requirements are:

Note 5. Lease Agreements (Continued)

A. Courthouse Annex (Continued)

Fiscal Year Ended June 30	Scheduled Interest		Scheduled Principal	
2004 2005 2006 2007 2008 2009-2010	\$	7,838 6,803 5,701 4,559 3,362 2,870	\$	15,000 16,000 17,000 17,000 19,000 39,000
Totals	\$	31,133	\$	123,000

B. Economic Speculation Building

The Caldwell County Fiscal Court has entered into a capital lease with Kentucky Association of Counties Leasing Trust Program (KACoLT) for the purchase of an economic speculation building for \$500,000. The terms of the lease agreement are 10 annual principal payments and 120 monthly interest payments at an interest rate of 4.76%. The Caldwell County Fiscal Court was in compliance with the terms of the agreement as of June 30, 2003. The principal balance at June 30, 2003 was \$367,352. Future lease principal and interest requirements are:

Fiscal Year Ended June 30	Scheduled Interest		Scheduled Principal	
2004	\$	16,373	\$	52,507
2005		13,823		54,647
2006		11,170		56,873
2007		8,409		59,190
2008		5,535		61,602
2009-2010		2,706		82,533
Totals	\$	58,016	\$	367,352

Note 5. Lease Agreements (Continued)

C. Ambulance Service Building

The Caldwell County Fiscal Court has entered into a capital lease with Kentucky Association of Counties Leasing Trust Program (KACoLT) for the construction of an ambulance building for \$300,000. The terms of the lease agreement are 15 annual principal payments and 180 monthly interest payments at an interest rate of 5.37%. The Caldwell County Fiscal Court was in compliance with the terms of the agreement as of June 30, 2003. The principal balance at June 30, 2003 was \$187,000. Future lease principal and interest requirements are:

Fiscal Year Ended	Scheduled		Scheduled	
June 30	Interest		Principal	
2004	\$	11,388	\$	20,000
2005		10,087		21,000
2006		8,722		22,000
2007		7,293		23,000
2008		5,800		24,000
2009-2011		7,834		77,000
		_		_
Totals	\$	51,124	\$	187,000

D. Fire Truck

The Caldwell County Fiscal Court has entered into a capital lease with Kentucky Area Development District Leasing Fund (KADD) for the purchase of a fire truck for \$200,000. The interest rate is 4.96% with semi-annual payments due on May 20th and November 20th for 10 years. The Caldwell County Fiscal Court was in compliance with the terms of the agreement as of June 30, 2003. The principal balance at June 30, 2003 was \$131,000. Future lease principal and interest requirements are:

Fiscal Year Ended June 30	Scheduled Interest		Scheduled Principal	
2004	\$	6,260	\$	19,400
2005 2006		5,285 4,261		20,400 21,500
2007 2008		3,182 2,048		22,500 24,050
2009		838		23,150
Totals	_\$_	21,874	\$	131,000

Note 5. Lease Agreements (Continued)

E. Fire Equipment

In March 2003, the Caldwell County Fiscal Court entered into a capital lease with the Kentucky Association of Counties Leasing Trust Program (KACoLT) for the purchase of fire equipment for \$80,000. The interest rate is fixed at 2.67% with 5 annual principal payments starting January 2004 and monthly interest payments. The Caldwell County Fiscal Court was in compliance with the agreement as of June 30, 2003. The principal balance at June 30, 2003 was \$80,000. Future lease principal and interest requirements are:

Fiscal Year Ended June 30	Scheduled Interest		Scheduled Principal	
2004	\$	2,472	\$	15,000
2005		1,955		16,000
2006		1,419		16,000
2007		883		16,000
2008		332		17,000
Totals	\$	7,061	\$	80,000

Note 6. Insurance

For the fiscal year ended June 30, 2003, Caldwell County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.



COMPARATIVE SCHEDULE OF BUDGETED TO ACTUAL OPERATING REVENUE

CALDWELL COUNTY COMPARATIVE SCHEDULE OF BUDGETED TO ACTUAL OPERATING REVENUE

For The Fiscal Year Ended June 30, 2003

Budgeted Funds	(Budgeted Deprating Revenue	Actual Deprating Revenue	Over (Under) Budget
General Fund Types				
General Fund Road and Bridge Fund Jail Fund Local Government Economic Assistance Fund Ambulance Fund	\$	2,745,572 800,460 156,221 100,200 93,020	\$ 2,059,900 836,496 214,372 157,629 91,409	\$ (685,672) 36,036 58,151 57,429 (1,611)
Totals	\$	3,895,473	\$ 3,359,806	\$ (535,667)
Reconciliation				
Total Budgeted Operating Revenue Above Add: Budgeted Prior Year Surplus Add: Borrowed Money Less: Other Financing Uses				\$ 3,895,473 820,843 80,400 (623,870)
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures				\$ 4,172,846





CALDWELL COUNTY SCHEDULE OF OPERATING REVENUE

For The Fiscal Year Ended June 30, 2003

GOVERNMENTAL FUND TYPE

Revenue Categories	General und Types
Taxes	\$ 1,682,867
In Lieu Tax Payments	34,343
Excess Fees	12,039
Licenses and Permits	736
Intergovernmental Revenues	1,459,925
Charges for Services	70,485
Miscellaneous Revenues	81,338
Interest Earned	18,073
Total Operating Revenue	\$ 3,359,806



COMPARATIVE SCHEDULE OF FINAL BUDGET AND BUDGETED EXPENDITURES

CALDWELL COUNTY COMPARATIVE SCHEDULE OF FINAL BUDGET AND BUDGETED EXPENDITURES

For The Fiscal Year Ended June 30, 2003

	OENERAL FUND TITES					
Expenditure Categories		Final Budget		Budgeted spenditures		Under (Over) Budget
General Government	\$	903,876	\$	862,505	\$	41,371
Protection to Persons and Property		845,060		814,553		30,507
General Health and Sanitation		119,106		90,350		28,756
Social Services		10,221		10,000		221
Recreation and Culture		51,000		51,000		
Roads		826,420		387,599		438,821
Airports		8,000		8,000		•
Debt Service		564,242		211,642		352,600
Capital Projects		68,500		18,175		50,325
Administration		776,421		439,777		336,644
Total Operating Budget - General Fund Type	\$	4,172,846	\$	2,893,601	\$	1,279,245
Other Financing Uses: General Obligation Refunding Bonds - Series 1999						
Principal Fund Transfers		75,000		75,000		
State Medicaid Program Capital Lease Agreements-		447,818		41,552		406,266
Principal on Leases		101,052		101,052		
TOTAL BUDGET - GENERAL						
FUND TYPES	\$	4,796,716	\$	3,111,205	\$	1,685,511



REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



CRIT LUALLEN AUDITOR OF PUBLIC ACCOUNTS

The Honorable Van Knight, Caldwell County Judge/Executive Members of the Caldwell County Fiscal Court

Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Caldwell County, Kentucky, as of and for the year ended June 30, 2003, and have issued our report thereon dated January 6, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in <u>Government Auditing Standards</u> issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Caldwell County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Caldwell County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards (Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified parties.

Respectfully submitted,

Crit Luallen

Auditor of Public Accounts

Audit fieldwork completed - January 6, 2004

CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

CALDWELL COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2003

CERTIFICATION OF COMPLIANCE

LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

CALDWELL COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2003

The Caldwell County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.

Name
County Judge/Executive

Annie Cartwaight

County Treasurer